

~~SECRET~~

3 October 1991

(b) (1)
(b) (3)

MEMORANDUM FOR THE RECORD

SUBJECT: Comments on House Banking Committee Letter of 30
September 1991 Regarding Its Investigation of BCCI and
First American Bank

1. I have spoken with a number of people regarding subject letter. From numerous discussions of the HBC interest in FAB, participation in the briefing of the HBC staff which gave rise to this letter, and my knowledge of the information contained in FAB bank records, I have a unique perspective on the matter. I have seen a draft response to the letter; not having participated in the drafting I wish to share my views with those who will decide on its final version. OCA, OGC, and the Office of the DDO have offered copies of this letter, inviting comment. This is that commentary.

2. At the outset: my present point of view is from the operations side of the question (as distinguished from the policy side.) I make no evaluation of the motivation of the HBC in pursuing the "CIA angle." As is true of many requests for information, we need to look beyond the issue at hand and consider carefully the consequence of the position we take. I have neither the experience nor background to suggest the appropriate tack in this regard. Having said that, I would hope that my comments will offer possibilities for expediting a conclusion of this investigation in a way which protects our interests - now and in the future.

3. As a previous MFR (dated 19 September 1991) indicated, I was not very satisfied with the meetings we held with Dennis Kane of the HBC. Dennis struck me as a reasonable, yet determined, investigator who seemed to expect a stonewall position from CIA. Our idea and his of being responsive were far apart. The nature of his investigations (involving banking irregularities and money laundering,) as he told us, requires extensive review of details. Our approach to protection of [] sources is to provide general descriptions of our [] reserving details to the Intelligence Oversight Committees, and even there to avoid revealing [] Our position continues to make sense. At the same time, it is clear to me that one cannot reach reasonable conclusions about [] without knowing the parties to the [] Only one side wins here.

APPROVED FOR RELEASE
DATE: AUG 2003~~SECRET~~

10

~~S E C R E T~~

4. Before addressing a possible approach to a solution, I think it is important to focus on three issues.

First, we made a point with the HBC staff that we were not prepared to acknowledge that [redacted] business which should be protected. Beyond the activity itself, we believe that acknowledging [redacted] would tend to have a chilling effect [redacted]

[redacted] The HBC letter comes to us unclassified.

Second, the subpoena in question calls for action by First American Bank (FAD) [redacted]

[redacted] In this regard, I think our response to the HBC should be to provide them an incentive to look to us [redacted] for information they need.

Third, I read in the HBC letter greater concession to our security concerns that I expected. Specifically, the committee staff recognizes the problem of allowing uncleared [redacted]

The HBC seems to agree that the Agency should have a say in who [redacted] will be involved. [redacted]

Next, the HBC staff understands that we consider some information is too sensitive to be accumulated, even under secure circumstances. I read this to mean that we will be able to carve out of the investigation (through general briefing of the HBC staff) [redacted] the most sensitive identities: [redacted]

5. I have no quarrel with the position taken in the draft response with respect to the DCI's statutory responsibility to protect methods and sources. (It is ironic that the Congress which so charged the DCI is now attempting to compel him to do something less than he believes he needs to do.) The point that this is, perhaps, the camel's nose coming under the tent is properly made. Now, what do we offer? I think we ought to take an aggressively responsive position now. Without conceding the

~~S E C R E T~~

S E C R E T

DCI's right to determine what needs to be protected and how, we might offer something along the following lines:

- Make the IG's report available to the HPSCI and allow a cleared HBC staffer and/or Member to read it.
- Offer to cleared HBC staffers the same briefing on the individual [redacted] excluding the names [redacted] and the identities [redacted]
- Make available to the HBC an IG inspector and/or auditor to search the Agency's records related to [redacted] for any names [redacted] of specific interest to the HBC.
- Provide to Congressman Bereuter (a member of both HPSCI and HBC) details of any information discovered by the IG which responds directly to specific questions asked by HBC.
- Offer to present any unresolved issues to both the HPSCI and the President's Intelligence Oversight Board for review and resolution.

[redacted]
Chief, [redacted]
Office of Financial Management

S E C R E T